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SUBJECT: ETHNIC CHINESE IN SOUTHERN VIETNAM: A PRIMER

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**¶11. (SBU) Summary:** The ethnic Chinese community is Vietnam's most influential and affluent minority group. Accounting for no more than two percent of Vietnam's population, the ethnic Chinese -- concentrated in HCMC and the Mekong Delta -- are responsible for generating roughly 10 percent of the nation's output. Although powerful economically, ethnic Chinese shun politics and government, preferring to exert influence behind-the-scenes by building relationships with key government and Party bosses. The ethnic Chinese have relative autonomy and are allowed to run Chinese-language schools and their own linguistic, social and cultural organizations. Vietnam's ethnic Chinese are well plugged into both regional and world-wide ethnic Chinese business networks. Having suffered an anti-Chinese backlash during Vietnam's 1979 war with China, the ethnic Chinese community remains very sensitive about advertising any strong links to the PRC. End Summary.

Vietnam's Ethnic Chinese

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**¶12. (SBU)** The 1999 census put the number of ethnic Chinese or "Hoa Viet" in Vietnam at 862,371, representing 1.1 percent of the country's population. This makes the Hoa Viet the sixth largest ethnic group in Vietnam. Over half of the Hoa Viet live in HCMC. Hang Vay Chi, a Hoa Viet businessman and leader of HCMC's Cantonese Community, claims the number of ethnic Chinese in Vietnam now is about 1.8 million, with over 800,000 in HCMC. Mr. Chi claims the Hoa Viet are underrepresented in the official census because many chose not to identify themselves as ethnic Chinese due to fears of discrimination. The bulk of ethnic Chinese reside in four urban areas of HCMC -- districts 5, 6, 10 and 11.

**¶13. (U)** The majority of Vietnam's ethnic Chinese population are descendants of people from China's southern coastal provinces who settled in central and southern of Vietnam during the 19th and early 20th centuries. Other Chinese, mostly from Guangdong and Fujian Provinces, settled in Vietnam in the late 1940s in the wake of the Chinese Communists' defeat of the Kuomintang on the Mainland. A smaller number of ethnic Chinese from Southeast Asia migrated to the Republic of Vietnam between 1945 and 1960 when anti-Chinese movements flared elsewhere in the region.

**¶14. (U)** According to researchers of the Southern Institute of Social Sciences (SISS), early ethnic Chinese settlers in Vietnam coalesced in communities based on dialect and kinship. These groups eventually created community organizations known as congregations to coordinate social and business activities. Hoa Viet life still revolves around five primary congregations: Fukien (Fujianese), Hainanese, Cantonese, Teochews (Chaozhou) and Hakkas. In the Republic of Vietnam, ethnic Chinese congregations elected their own leaders, and ran their

own hospitals, temples and schools. According to Dr. Tran Hoi Sinh, Deputy Director of the GVN-run Institute for Economic Research in HCMC, the Hoa-Viet came to dominate the economy of the Republic of Vietnam, creating large amounts of capital, developing modern industries and establishing a number of joint ventures with foreign companies. The Cantonese from the northern and western Guangdong province dominated the restaurant and hotels business while the Teochews from southeastern Guangdong were involved in food processing, transportation, shipping and import/export activities. Ethnic Chinese controlled four of the five largest metallurgical companies in Bien Hoa Industrial Park, Vietnam's first Industrial Zone.

#### Anti-Chinese Backlash

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15. (SBU) Of the estimated 1.2 million ethnic Chinese in unified Vietnam in 1975, more than 300,000 ethnic Chinese in the north and 100,000 in the south fled in the late 1970s. The ethnic Chinese were driven out by a combination of the post-1975 nationalization of businesses and redistribution of wealth and xenophobia triggered by rising tensions with China. The GVN banned the ethnic Chinese social congregations and took over Hoa Viet hospitals and schools. The majority of ethnic Chinese businesses and production facilities were turned into cooperatives or business groups managed by the State. The exodus was reinforced following the outbreak of war between Vietnam and China in 1979 when GVN officials imposed numerous unofficial anti-Chinese policies, such as barring Hoa Viet from senior positions in government or State-Owned Enterprises. HCMC scholars and contacts in the Chinese community say that most resettled in the U.S., Australia, Canada, Taiwan and Hong Kong. Very few went to mainland China.

#### And Better Times

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16. (SBU) The ethnic Chinese community in HCMC quickly reasserted

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itself when the GVN launched its market-based economic reform program (Doi Moi) in 1986. Many resumed trading activities. Others set up medium- and large- scale manufacturing enterprises, usually with capital from relatives who fled overseas after 1975. Over the past twenty years, local Chinese enterprises have become leading players in plastics, textiles and garments, shoes and food processing. Although they only make up perhaps 10 percent of the HCMC population, Hoa Viet now account for at least 30 percent of HCMC's output, according to Dr. Pham Hao Hon, Chairman of the HCMC Business Association and former Deputy Director of the HCMC Trade Department. Key Chinese-owned corporations include the Kinh Do consumer foods group, Thai Tuan textiles group, Southern Bank, SACOM bank, Bitis and Bitas footware companies, Thien Long pen company and Minh Long ceramics. Kinh Do and SACOM bank are among the blue chips on the HCMC Stock Exchange. Many of the other leading ethnic Chinese corporations also plan to list on the exchange or have entered into deals with foreign venture capital funds.

17. (SBU) Similarly, ethnic Chinese congregations began to re-emerge after 1986. Dao Nhieu Linh, Chief of the HCMC Committee for Ethnic Chinese Affairs (CECA), the official Party agency responsible for oversight of the Chinese community, told us that the congregations focus on business promotion and social mobilization, preservation of ethnic Chinese culture, and operating charities and pagodas. In 1996, the congregations formed the Chinese Language Education Sponsorship Association (CLESA). The association is responsible for developing curriculum for the 70 dual language (Chinese/Vietnamese) schools throughout Vietnam. The 20 Chinese schools in HCMC serve some 20,000 students. Each of the five ethnic Chinese congregations has a representative on the CLESA management board. According to Mr. Chi, the congregations are able to work independently of the Party's CECA.

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¶18. (SBU) Mr. Chi and Phan Chanh Duong, Deputy Director General of Tan Thuan Processing Zone Development Corp., told us that the Hoa Viet do not want to become involved in politics and government. They noted that, despite the Chinese community's financial power and position, there is only one Hoa Viet in the National Assembly and fewer than 3,000 ethnic Chinese in the Communist Party: less than one tenth of one percent of the Party's overall membership. Ethnic Chinese Party members hold some senior district-level positions in the HCMC districts which they dominate, but overall are minimally represented in city government or in the HCMC People's Council (local legislature).

¶19. (SBU) Our contacts in the Chinese community tell us that the Hoa Viet are much more comfortable exerting influence behind the scenes. They cultivate relationships with People's Committee Vice-Chairmen and key Party officials who have influence over their fields of business. Often these relationships are strengthened by giving key officials shares in their businesses or allowing them to purchase shares at preferential rates. They also donate heavily to the Fatherland Front for its charitable and humanitarian assistance drives.

Hoa Viet overseas connections

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¶10. (U) Before 1975, the Hoa Viet had extensive economic and cultural ties to ethnic Chinese throughout Southeast Asia and participated in conferences and exchanges throughout the region. The Hoa Viet reestablished their overseas economic ties quickly once Doi Moi began, particularly with ethnic Chinese in Southeast Asia, Taiwan, Australia and Europe, and through participation in organizations such as the Overseas Chinese Merchants Association.

¶11. (SBU) While the strength of the Hoa Viet's ties with ethnic Chinese elsewhere in Southeast Asia is undisputed, there is disagreement on the extent of ties between the Hoa Viet community and Mainland China. Community representatives downplay the extent of the relationship, noting that there are few family connections in their ancestral homeland. They also noted that the Hoa Viet fear provoking GVN suspicion by cultivating strong ties with Beijing. However, the Head of the Party's Committee for Ethnic Chinese Affairs in HCMC told us that family, cultural and business relationships between the Hoa Viet and the PRC is very strong. She said a number of Hoa Viet families are sending their children to live with relatives in Mainland China to attend schools and Chinese officials and exchange groups are meeting with the HCMC ethnic Chinese community virtually on a monthly basis.

China's View

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¶12. (SBU) In a recent meeting with ConGenOff, the Chinese Consul General in HCMC, Xu Mingliang, said that ethnic Chinese, particularly the Teochews, are the richest people in Southern Vietnam despite "experiencing serious prejudice from the Vietnamese authorities." (Note: Xu is Teochew. End Note.) He stated that the ethnic Chinese in southern Vietnam, particularly the Teochews, have been delighted to receive him and voiced their intention to maintain close ties with the Chinese Consulate General in HCMC. He also noted that Vietnamese authorities are quick to remind PRC officials that the ethnic Chinese in Vietnam are Vietnamese nationals and that they should not refer to them as "Chinese" or "overseas Chinese." Xu also indicated that the PRC is comfortable with the friendly relations that most influential Hoa Viet have with Taiwanese businesses and officials. (Comment: The Hoa Viet, like other overseas Chinese communities, are in many respects a bridge between the PRC and Taiwan on "neutral ground." End Comment.)

## Integration and Assimilation

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¶13. (U) Professor Phan An of the Southern Institute of Social Sciences (SISS) said nearly all literate ethnic Chinese youths can speak and read Vietnamese fluently while only half of them have good command of Chinese. Over 35 percent of Hoa Viet between 16 and 30 are married to a non-ethnic Chinese and roughly a quarter of ethnic Chinese children have an ethnic Vietnamese parent. SISS researchers say that rates of inter-marriage are higher in the Mekong Delta, where ethnic Chinese marry both ethnic Vietnamese and ethnic Khmer. SISS data also shows that about seven percent of unmarried ethnic Chinese between 16 and 30 have told researchers that they want to marry an ethnic Vietnamese; another 65 percent say that they would be open to marrying a non-ethnic Chinese. According to SISS researchers, the 16-30 generation of Vietnam's ethnic Chinese is better integrated and recognizes Vietnam as its homeland.

## Comment

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¶14. (SBU) Vietnam's ethnic Chinese will continue to ride high on the nation's economic expansion but will remain poorly integrated socially and politically. In part, this is by choice: the ethnic Chinese community is focused on preserving its separate linguistic, cultural and organizational identity, and there is little cross-fertilization between Chinese and Vietnamese businesses. The Hoa Viet community remembers the anti-Chinese backlash in the late 1970s, and is sensitive to being overtly seen as too powerful or too influential. And despite the claims to the contrary from government and Party officials, many Vietnamese still suspect the ethnic Chinese community of having split loyalties. End Comment.

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